

TRUSTEES SHOULD NOT SIGN 2006 SOCIAL SECURITY / MEDICARE REPORT

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Administration's Actions Undermine its Credibility on Social Security and Medicare Stewardship

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WASHINGTON, DC

— Ways and Means Health Subcommittee Ranking Member Pete Stark and Social Subcommittee Ranking Member Sander Levin sent the following letter to President Bush today outlining their grave concern regarding the preparation of the 2006 reports of the Board of Trustees of the Social Security and Medicare Trust Funds. Specifically, Ranking Members Stark and Levin question the Administration's unprecedented recess appointments of John L. Palmer and Thomas R. Saving to serve a second term as public trustees of the Social Security and Medicare programs, and its effect on the pending 2006 reports.

Ranking Members Stark and Levin clearly note their position in the following paragraphs, taken from the letter:

Any role they may have played in the development of this year's report after their terms expired and prior to their recess appointment is unofficial and inappropriate. This does not represent legitimate public representation by trustees who were legally holding office. Such unsanctioned, unofficial participation is in fact a subversion of the public representation process.

We believe it is inappropriate for the recess-appointed public trustees to sign the report. They were officially appointed only six business days prior to the scheduled release of the 2006 report, and thus could not have played a meaningful role during the time they were actually serving as trustees. Any earlier participation would have been as outside experts consulted by the actuaries and the trustees rather than public trustees themselves. That is a distinctly different role.

The letter in its entirety follows:

April 28, 2006

The President The White House 1600 Pennsylvania Avenue, N.W. Washington, D.C. 20500

Dear Mr. President:

We are writing to express our grave concern regarding the preparation of this year's reports of the Board of Trustees of the Social Security and Medicare Trust Funds and the lack of legitimate participation by trustees who are independent and represent the public.

The four-year terms of the prior public trustees, Thomas R. Saving and John L. Palmer, concluded after the 2004 report, but the law permitted them to continue in office until the release of the 2005 report. In spite of the clear need to appoint new public trustees shortly after the 2004 report was released, nominations were not made until late fall 2005. By this point, they would have missed half of the year, limiting their ability to effectively oversee the 2006 report.

Moreover, the nominations were simply the prior trustees, named without any consultation with Congress. This is contrary to the spirit of public trustees - to assure an independent, outside perspective on a board otherwise filled by Administrative officials - and without precedent. No public trustee has ever served a second term. Indeed, the Senate Finance Committee expressed its desire to have new trustees and requested that you work with them to nominate people who could bring a fresh perspective and represent the public. Then, less than two weeks before the report was scheduled to be released, the nominees who had been rejected on a bipartisan basis were recess-appointed in order to avoid the requirement for public consultation. At such a late date, there was no possibility of the trustees being meaningfully involved in overseeing the trust funds and preparing the pending 2006 report on their condition.

The public trustees are not intended to be just a signature on a report. They participate in the development of its key economic and demographic assumptions, and oversee the methodologies used by the actuaries to make the projections. The law requires the public trustees to be confirmed by a vote of the Senate, so that they are genuinely and legitimately the voice of the American people rather than simply two individuals chosen by the same Administration that already has four votes on the Board of Trustees. Moreover, they serve terms that overlap Administrations, helping to ensure their independence.

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representation by trustees who were legally holding office. Such unsanctioned, unofficial participation is in fact a subversion of the public representation process.

We believe it is inappropriate for the recess-appointed public trustees to sign the report. They were officially appointed only six business days prior to the scheduled release of the 2006 report, and thus could not have played a meaningful role during the time they were actually serving as trustees. Any earlier participation would have been as outside experts consulted by the actuaries and the trustees rather than public trustees themselves. That is a distinctly different role.

Although it is too late to have real public trustees genuinely participate in this year's process, it is not too late for you to work with us to name legitimate representatives of the public to help develop next year's report. We hope that you Administration and the Senate will work together to name new public trustees who can be confirmed by the Senate and serve legitimately to reflect the public interest in developing Social Security and Medicare projections for 2007.

Sincerely,

Pete Stark

Ranking Democrat Health Subcommittee

Sander Levin

Ranking Democrat Social Security Subcommittee

[View a PDF of the letter](#)